

**State Allocation Board Implementation Committee
November 1, 2002**

USE OF GRANTS

BACKGROUND

The Use of Grants process was set up in regulation to address situations when the per-unhoused-pupil amount was insufficient to adequately fund the project for either of two reasons:

- The nature of the project was such that there were no students being ‘housed’, such as a multipurpose room, gymnasium or library; or
- The project did not contain sufficient pupil capacity to provide adequate funding for the facilities proposed. For example, the project was for 4 classrooms, restrooms, administrative space and a library. In this case, more than the 100 pupil grants might be needed to provide the funding to support all of the other facilities proposed.

The process is also used when the pupils used to calculate the grants for the project are from a grade level different than the project.

CURRENT REGULATIONS

The current SAB regulations are found in Section 1859.77.2. In summary, the regulations provide the following:

- When priority points are in effect, the Use of Grants request may not exceed 135% of the capacity of the project. This means that when funds are rationed, projects for non-classroom facilities are limited or eliminated.
- When priority points are not in effect, the request is not capped. Therefore, the amount of funding that a district could request for a single project is limited only by the district’s eligibility and by the 60 percent commensurate requirement.

DISCUSSION

At the October 16, 2002 (postponed from October 4, 2002) meeting of the Implementation Committee, the OPSC presented information which the office believes supports the contention that the Use of Grants regulations are inadequate and lead to inappropriate apportionments, large numbers of inadequately housed students, and funding of projects not contemplated by the SAB or the law.

Arguments in support of the current regulations centered primarily on the possible inadequacy of the base grants. The staff position is that this assertion, even if correct, is not a justification for the continuation of the regulation in its present form. It is not the responsibility of the SAB to ‘correct’ or otherwise significantly alter the actions of the legislature through the regulatory process. The argument that the legislature has set the

grant amount at an inadequate level and, therefore, the SAB should 'fix' the problem through regulation is neither defensible nor legal. The staff believes that the seriousness of the issue warrants immediate, emergency regulation change in order to stop the current regulations from adversely affecting the next funding made available through Proposition 47.

PROPOSAL

Purpose of a Use of Grants request

A district must request a Use of Grants approval when the students used in the calculation of the project grants for any SFP project are from a grade level different than the grade level of the project.

Housing Plan

The district must certify one of the following:

- It will construct or acquire facilities for housing the students with funding not otherwise available to the SFP as a district match within five years of the approval of the project. The funding source must be identified.
- The construction of the SFP project which is using the students from a grade level different than the grade level served by the project will result in making existing facilities available for the students 'displaced.' For instance, the district uses K-6 pupils to construct a 7-8 facility and intends to convert an older 7-8 facility to K-6 use.

The housing plan must be included in a resolution adopted by the local school board.

Resolution

The district resolution must be adopted by the local school board on a date preceding the application filing. The resolution must contain the following:

- The certification mentioned under Housing Plan that the district will construct or acquire facilities to house the pupils using funds not otherwise available to the SFP as district match, or that the construction of the SFP project will allow use of existing facilities for the 'displaced' students.
- Acknowledgement that the funds provided for students are being diverted to another purpose, which is identified in the resolution, and that the state has satisfied its obligation to house the pupils.

Other Provisions

- The SAB will approve applications for Use of Grants that meet the above criteria at the time the funding application is submitted.
- Eligibility generated by SDC pupils may not be the basis of a Use of Grants request.
- Applications filed after the date of the emergency regulations may not include a Use of Grants request except as noted.

